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EGYPT: Moubarek Names Prime Minister

President Moubarek's decision to form a new cabinet and appoint a prime minister reflects his growing self-confidence and success in consolidating his hold on power. [REDACTED]

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//First Deputy Prime Minister Fuad Muhi al-Din, who was given the post of prime minister which Moubarek had been holding himself, is a longtime Moubarek intimate who has had responsibility for day-to-day administration of the government for several months. [REDACTED]

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The new Prime Minister has retained many of the members of the old cabinet, including Defense Minister Abu Ghazala and Foreign Minister Ali. Deputy Prime Minister for Economic Affairs Abd al-Majid, who was not close to Moubarek and was recently implicated in a major corruption scandal; has been replaced. He also may be used as a political scapegoat for Egypt's mounting economic problems. Several other economic and Planning Ministers also have been replaced. [REDACTED]

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Most Egyptians apparently approve of Moubarek's performance in office since the assassination of former President Sadat. Moubarek's National Democratic Party won two parliamentary byelections last week in districts previously held by the leftist opposition. Despite their defeats, opposition leaders have praised the regime for conducting fairer elections than Sadat had. [REDACTED]

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Egyptians are especially pleased with Moubarek's anti-corruption drive and his decision to release about 100 political prisoners arrested by Sadat during the crackdown on dissent last September. On Saturday, Moubarek also eased restrictions on journalists and university professors ordered by Sadat. [REDACTED]

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GHANA: Coup Developments

Coup leader Rawlings is slowly gaining control despite some sporadic fighting.

In a radiobroadcast on Saturday Rawlings appealed for public support and indicated his intention to pursue a nonaligned foreign policy. He has been unable to arouse much public enthusiasm for the coup.

Rawlings appears to be taking a moderate line. He and his fellow coup plotters apparently are trying to avoid the divisiveness, indiscipline, and harsh measures that characterized the Rawlings-led coup in 1979.

The composition of the Provisional National Defense Council still is unannounced although Rawlings is trying to attract prominent civilians. The whereabouts of President Limann and many of his cabinet members remains unknown.

Poor economic conditions because of government mismanagement, soaring inflation, and depressed world prices for Ghana's exports helped precipitate the coup. Rawlings is unlikely, however, to be any more successful at finding solutions to these problems than was Limann.

Rawlings's first appeal on Friday for voluntary price reductions has been rebuffed by Accra's politically powerful market women. He will have to move quickly to impose order on a chaotic political and economic situation or face the threat of another coup.

There has been little international reaction so far to the coup. Nigeria, which cut off oil deliveries to Ghana following the coup in 1979, seems to be taking a wait-and-see approach. If the Nigerians cut off oil supplies to show disapproval for the new regime, it could force Rawlings to turn to Libya for oil and political support. Libya--usually quick to recognize new revolutionary regimes in Africa--has not yet reacted publicly.

The coup may have irrevocably shattered what was left of Ghana's already floundering institutions, and restoring order may be difficult. Unless he can do so quickly, Rawlings may choose to turn to Cuba or other radical countries for security assistance.

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CUBA: Economic Outlook

//The Cuban economy will grow more slowly in 1982, because the price of sugar is down in international markets and Havana has little prospect of increasing export volume.//

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Cuba's top planning official in a speech last week claimed that 1981 was the best year for economic performance since the revolution. Much of the improvement, however, represented a recovery from the dismal record during 1979 and 1980.

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The official also noted that conditions would be worse in 1982, predicting economic growth at a modest 2.5 percent. He stated that increasing import prices and interest rates, coupled with depressed sugar prices and the recent intensification of US economic actions against Cuba, have led to a hard currency shortage that is unlikely to improve in the near future.

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//Havana probably will not be able to maintain current import levels of either consumer or industrial goods without increasing its foreign debt substantially. In the past, the Castro regime has been reluctant to accept this, and it has preferred to reduce imports.//

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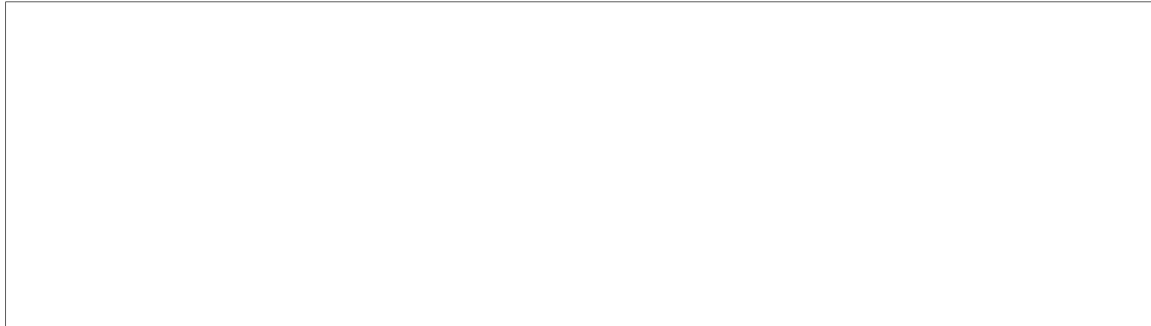
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USSR-NAMIBIA: Reaction to Western Initiative

//Moscow recently has taken several steps that apparently are aimed at undermining the Western initiative on Namibia.//

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Moscow's unease also was reflected in a recent remark

that US policy on the Namibian issue has become more effective.

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The USSR's immediate concern about the Western initiative is that it will strengthen the moderates in the leadership at the expense of pro-Soviet SWAPO elements. Over the longer run, moreover, a Western-brokered settlement would strengthen the standing of the US and other Western states with the African states. In addition, the Soviets are concerned that a Namibia settlement could be linked to a reduction of Soviet and Cuban presence in Angola.

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Despite efforts to undercut the Western initiative, Soviet leverage seems limited. While Soviet ties with SWAPO are close, the group has consistently acted in unison with black African states, and Moscow has had doubts about SWAPO Chief Nujoma's long-term commitment.

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ITALY-USSR: Views on Siberian Pipeline

Speculation that Italy may withdraw from the Siberian natural gas pipeline project appears premature. [redacted]

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Rome's decision to reexamine its plans to purchase additional Soviet gas follows several weeks of domestic political maneuvering. The Socialist Party has been urging that parliament debate the pipeline issue, alleging that the project is uneconomical for Italy. [redacted]

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The Socialists are using the issue to embarrass the Communist Party and at the same time enhance their "Atlantic" credentials. The imposition of martial law in Poland has prompted the small Liberal and Social Democratic parties to support the call for review, making it all but impossible for the Christian Democrats to resist. [redacted]

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//Italian leaders agree that the country will need additional energy supplies during the last half of the decade and that there are few alternatives to Soviet gas. The Italians have been counting on the Siberian pipeline to supply 8 to 10 billion cubic meters per year of the anticipated shortage of 15 billion cubic meters per year in natural gas by 1990.// [redacted]

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//The Minister of State Participations says that the contract to supply 19 compressor stations using government-subsidized credit remains valid. Rome almost certainly will proceed with the deal, although it may refuse to subsidize as generously additional contracts for pipeline equipment and may buy a smaller amount of gas than originally planned.// [redacted]

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SOUTH KOREA: Cabinet Shakeup

President Chun has reorganized his cabinet apparently in an effort to revitalize the South Korean economy. The shakeup, which affects five cabinet posts, includes the appointment of a new prime minister and deputy prime minister and appears keyed to ministries related to economic affairs. The move reflects Chun's continued concern over South Korea's sluggish economic performance and gives him a new team to push ahead with the Fifth development plan that began last Friday.

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LEBANON: Pipeline Explosion

An explosion of unknown origin on Saturday has disabled a recently activated pipeline carrying crude oil from Iraq to Tripoli. The recent reopening of the pipeline had followed an agreement in November between Iraq and Lebanon calling for a minimum average flow of 115,000 barrels per day through this spur--with a capacity of 500,00 barrels per day--of the Iraqi-Mediterranean pipeline system. Despite the temporary closure of the pipeline, Iraq still will be able to export as much as 1 million barrels per day of crude oil through alternate pipeline routes. The explosion followed an attack on Friday on a tanker loading crude oil at Tripoli.

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BOLIVIA: Torrelío in Trouble

President Torrelío has to carry out economic austerity measures by 15 January to satisfy IMF requirements for financial assistance, despite anticipated popular opposition to the program. Torrelío lacks a strong military or civilian power base; he was installed in September by key Army commanders seeking an interim solution to the prolonged leadership crisis. Military hardliners view Torrelío's recent decision to renew labor freedoms as a capitulation to "leftist-inspired" civilian elements. Widespread resistance to the President's planned reforms could lead to a takeover by a military strongman.

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USSR: Soviet Pentecostals in US Embassy

Two of the seven members of the Pentecostal religious group who have been living in the US Embassy in Moscow for three-and-a-half years began a hunger strike earlier last week. They apparently hope to force Washington to intercede with the Soviets on their behalf. Soviet authorities maintain that the matter is strictly a US problem and that the group must be expelled from the Embassy before requests for emigration will be considered.

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